

Message Text

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70

ACTION AF-06

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-02

USIA-15 PRS-01 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00 FRB-01

XMB-04 OPIC-06 LAB-04 SIL-01 H-02 L-03 AGR-10 /105 W

----- 101751

R 040900Z AUG 75

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 2399

INFO AMCONSUL JOHANNESBURG

AMCONSUL LOURENCO MARQUES

AMCONSUL LUSAKA

UNCLAS PRETORIA 2902

E.O. 11652: N/A

TAGS: RH, EGEN

SUBJ: RHODESIAN BUDGET SPEECH.

1. FOLLOWI G ARE HIGHLIGHTS OF BUDGET SPEECH DELIVERED BY RHODESIAN FINANCE MINISTER (WRATHALL) IN RHODESIAN ASSEMC JULY 10. ()) TEXT APPEARS IN RHODESIAN PARLIAMENTARY DEBATES, NO 11, VOL.90 OF JULY 10. DEBATES SENT REGULARLY TO STATE, AF/S).

2. MINISTER CITES WEAK COMMODITY PRICES AND CONGESTION IN SOUTH AFRICAN PORTS AS MAIN DIFFICULTIES IN FISCAL YEAR ENDING MARCH 31, 1975. DEBWE DIFFICULTIES GROSS DOMESTIC PRODUCT (GDP) GREW BY 20 0/0 (10 0/0 IN REAL TERMS) IN 1974. (NOTE: SPEECH GIVES NO TOTAL

GDP FIGURE. ACCORDING TO MARCH, 1975 DIGEST OF STATISTICS GDP AT MARKET PRICES WAS R\$1.535 BILLION IN 1973. RHODESIAN DOLLAR CURRENTLY QUOTED AT .8170 RAND, APPROXIMATELY US \$1.14. ALL FIGURES BELOW ARE IN RHODESIAN DOLLARS). SALES OF AGRICULTURAL COMMODITIES UP \$73 MILLION, MINERAL OUTPUT \$30 MILLION, MANUFACTURING \$218 MILLION. 1974 INFLATION WAS 7.5 0/0.

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3. MINISTER EXPECTS SLOWER GROWTH IN 1975. AGRICULTURE AND

MINING EXPECTED TO SUFFER FROM LOWER PRICES; MANUFACTURING EXPECTED TO SLOW BECAUSE OF IMPORT RESTRICTIONS IMPOSED TO CONSERVE FOREIGN EXCHANGE. TOURISM HAS BEEN GROWING, ARRIVALS BEING UP 21 0/0 INFIRST FIVE MONTHS OF 1975.

4. BALANCE OF PAYMENTS IN 1974 RECORDED SURPLUS OF \$52MILLION ON TRADE, CAPITAL INFLOW OF \$63 MILLION, NET OUTFLOW ON SERVICES \$131 MILLION. RESULTING DEFICIT OF \$16 MILLION WAS EXACERBATED BY LEADS AND LAGS.

5. TOTAL GOVERNMENT EXPENITURES IN 1974/75 GIVEN AS \$524 MILLION, REVENUE \$397 MILLION. ESTIMATED EXPENDITURES FOR 1975/76 GIVEN AS \$596 MILLION,INCLUDING CAPITAL PROJECTS OF \$211 MILLION, DETAILS OF WHICH ARE SURPRESSED. MAIN REVENUE MEASURE PROPOSED FOR 75/76 IN CONTINUATION OF 10 0/0 INCOME TAX SURCHARGE. NEW TAX TABLE FOR INDIVIDUALS WILL CALL FOR 10 0/0 TAX ON FIRST \$1,000, RISING TO A MAXIMUM OF 440/0 ON TAXABLE AMOUNTS OVER \$17,000. (ROUGHLY \$20,000 GYSS FOR FAMILY OF FOUR). MINOR CHANGES MADE IN TAX WRITE-OFFS ON AFRICAN HOUSING, TOBACCO FARMS AND WATER CONSERVATION WORKS ON FARMS.

6. ONLY MENTION OF SANCTIONS IN SPEECH IS OBLIQUE MENTION OF THE FACT THAT " SANCTIONS SURVEILLANCE HAS, IF ANYTHING, BEEN STEPPED UP."

6. COMMENT. WE REALIZE THAT THIS IS NOT VERY ENLIGHTENING. A COUNTRY OPERATING A SIEGE ECONOMY IS NATURALLY NIGGARDLY IN RELEASING FIGURES AND WE DO NOT HAVE EVEN THE PUBLISHED BUDGET. (WE ARE WRTING TO SALISBURY FOR IT).

8. THE MOST INFORMED COMMENT ON THE RHODESIAN BUDGET APPEARED IN THE SA FINANCIAL MAIL OF JULY 18. FM CALLS IT AN " AS YOU WERE" BUDGET AT A TIME WHEN CHANGE IS ESSENTIAL.FM CALLS MINISTER " ANXIOUS" IN CALLING INTERNATIONAL CONDITONS THE " SOURCE" OF RHODESIA'S PROBLEMS. ARTICLE POINTS OUT THAT MINISTER CALLED FOR AUSTERITY BUT IMPOSED NO SIGNIFICANT NEW BURDENS ON WHITES. " A SHORT - SIGHTED BUDGET - FOR AN INCREASINGLY SHORT-SIGHTED AND STUBBORN WHITE ELECTORATE", THE FM SAYS. BOWDLER

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Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
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